

Message Text

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ACTION EB-08

INFO OCT-01 EA-10 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 /124 W

-----103682 151118Z /16

R 151047Z MAY 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 7922
USMISSION GENEVA

C O N F I D E N T I A L SECTION 01 OF 02 TOKYO 08680

USMTN

DEPARTMENT ALSO PASS STR ELECTRONICALLY

E.O. 11652: GDS
TAGS: ETRD, MTN, JA
SUBJECT: MTN DISCUSSIONS IN TOKYO. STRAUSS-USHIBA
MEETING, GOVERNMENT PROCUREMENT, PROPOSAL FOR
POLICY REVIEW MEETING.

1. SUMMARY: DURING MAY 13 CALL BY BARREDA ON OKI,
JAPANESE SIDE (A) ASKED WHAT U.S. EXPECTED TO BE
DISCUSSED AT MAY 24 STRAUSS-USHIBA MEETING (BARREDA
SAID THE LACK OF PROGRESS IN AGRICULTURAL NEGOTIATIONS
SEEMED LIKELY); (B) SAID JAPAN WOULD PRESENT A NEW
POSITION PROCEDURES IN GOVERNMENT PROCUREMENT WHICH
REPRESENTS A "180 DEGREE SHIFT"; AND (C) PROPOSED
A POLICY LEVEL BILATERAL MEETING TO REVIEW WORK ON
CODES. END SUMMARY.

2. HIROSHI OKI, MOFA'S NEW DEPUTY DIRECTOR GENERAL IN
CHARGE OF MTN AFFAIRS, ASKED BARREDA TO MEET TO
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DISCUSS MTN AFFAIRS. OKI WAS ACCOMPANIED BY NOKAHIRA
OF USHIBA'S STAFF, IKEDA AND OKAMOTO OF MOFA'S GATT
DIVISION, AND NOZAKI OF THE MINISTRY OF FINANCE.

3. STRAUSS-USHIBA MEETING: OKI SHOWED A MARKED LACK OF
ENTHUSIASM FOR MEETING ON MAY 24, WONDERING WHETHER
TIME WAS RIPE. HE SAID USHIBA WOULD NOT BE READY TO

DISCUSS INDUSTRIAL TARIFFS IN DETAIL SINCE DISCUSSIONS WILL THEN BE UNDERWAY IN GENEVA. NEITHER COULD USHIBA DISCUSS IMPROVEMENTS IN JAPANESE AGRICULTURAL OFFER, AS GOJ WAS STILL WORKING ON THEM. BARREDA SAID HE UNDERSTOOD MEETING HAD ALREADY BEEN AGREED TO BY AMB. STRAUSS AND MINISTER USHIBA. AS TO SUBJECT MATTER, BARREDA THOUGHT IT LIKELY THAT LACK OF PROGRESS IN U.S.-JAPAN AGRICULTURAL NEGOTIATIONS, WHERE WE DID NOT EVEN HAVE A TIMETABLE OR WORK PROGRAM, WAS LIKELY TO COME UP. NAKAHIRA (AFTER A PHONE CALL TO USHIBA) SAID USHIBA WOULD TALK TO THE MINISTER OF AGRICULTURE AND MIGHT BE ABLE TO INDICATE A POSSIBLE SCHEDULE AND WORK PROGRAM FOR U.S.-JAPAN AGRICULTURAL NEGOTIATIONS. OKI ASKED TO BE INFORMED OF WHO WOULD ACCOMPANY AMBASSADOR STRAUSS TO THE MAY 24 MEETING.

4. MEASURING AVERAGE TARIFFS: IKEDA THEN OPENED DISCUSSION OF HOW TO MEASURE COMPARABLE AVERAGE LEVEL OF BOUND TARIFFS TO MEET OBJECTIVE OF PARAGRAPH SIX OF STRAUSS-USHIBA STATEMENT. LONG--AND FAMILIAR--DEBATE ENSUED ON WHETHER CURRENT DUTY FREE TRADE SHOULD BE INCLUDED. NO NEW DEVELOPMENTS. IKEDA MIGHT HAVE PUT ON SHOW FOR HIS NEW BOSS, OKI.

5. GOVERNMENT PROCUREMENT: OKAMOTO SAID JAPAN HAD WORKED FOR WEEKS TO COME UP WITH COMPLETELY NEW
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POSITION ON GOVERNMENT PROCUREMENT PROCEDURES. NEW POSITION WOULD BE PRESENTED BY SATO OF FINANCE MINISTRY AT MAY 16 GENEVA MEETING. POSITION MARKED COMPLETE SHIFT BY JAPAN AND SHOULD SATISFY U.S., ALTHOUGH PERHAPS NOT 100 PERCENT SINCE IT IS A NEGOTIATION. OKAMOTO URGED U.S. TO RECOGNIZE THAT NEW POSITION WAS A MAJOR SHIFT FOR JAPAN, AND NOT DENIGRATE IT. HE STRESSED THAT IF U.S. REACTION IS COMPLETELY NEGATIVE, IT WOULD BE VERY DIFFICULT FOR JAPAN TO CONTINUE ITS EFFORTS. IKEDA STRONGLY HINTED THAT JAPAN WOULD LIKE A BILATERAL WITH THE U.S. TO DISCUSS GOVERNMENT PROCUREMENT AT POLICY LEVEL. NOZAKI MENTIONED THAT SATO WAS SUITABLY HIGH LEVEL OFFICIAL AND WOULD BE AVAILABLE DURING MAY 16 MEETING. BARREDA SAID HE WOULD INFORM WASHINGTON AND GENEVA OF THE JAPANESE INTEREST IN A BILATERAL.

6. POLICY LEVEL REVIEW OF CODES: IKEDA, WITH OKI'S SUPPORT, FLOATED A PROPOSAL FOR A POLICY LEVEL (NOT POLITICAL LEVEL, E.G., STRAUSS-USHIBA, BUT NOT TECHNICAL LEVEL EITHER) REVIEW OF CODES. USING SAFEGUARD CODE AS AN EXAMPLE, HE SAID CURRENT DISCUSSIONS

WERE CONCENTRATING ON SELECTIVITY (OR DISCRIMINATION, AS HE PREFERRED TO PUT IT), BUT MORE WORK HAD TO BE DONE ON CRITERIA FOR NON-DISCRIMINATORY SAFEGUARD ACTION, ROLE OF SURVEILLANCE BODY, ETC. THOUGHT AND DISCUSSION WERE ALSO NEEDED ON HOW THE CODES FIT TOGETHER, WHAT WORK NEEDED TO BE DONE BY JULY 15, HOW TO GET IT DONE, AND WHAT LEGAL FORM THE MTN PACKAGE SHOULD TAKE. IKEDA WAS OPEN ON TIMING AND PLACE (AS LONG AS NOT IN TOKYO) OF SUCH A REVIEW. HE HAD IN MIND A BILATERAL MEETING WITH U.S., POSSIBLY FOLLOWED BY A TRILATERAL WITH EC. BARREDA AGREED IDEA HAD APPEAL, AND PROMISED TO INFORM OKI OF

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C O N F I D E N T I A L SECTION 02 OF 02 TOKYO 08680

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WASHINGTON'S REACTION.

7. MEETING ENDED WITH REQUEST THAT WASHINGTON BE TOLD THAT GOJ WAS WORKING HARD BELOW THE SURFACE ON AGRICULTURAL PROBLEMS, BUT COULD NOT DO ANYTHING VISIBLE AS LONG AS DIET WAS IN SESSION. STEPS TAKEN NOW WOULD BE LIKELY TO BECOME POLITICAL ISSUES AND RESULT IN CALLS TO EXPLAIN THEM WITHIN DIET.

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